

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Manistee County 911/Central Dispatch	County Manistee
Audit Date 9/30/04	Opinion Date 11/8/04	Date Accountant Report Submitted to State: 3/6/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

Enclosed	To Be Forwarded	Not Required
✓		
		✓
		✓

The letter of comments and recommendations.

Reports on individual federal financial assistance programs (program audits).

Single Audit Reports (ASLGU).

Certified Public Accountant (Firm Name)

Wilson Ward CPA Firm

Street Address

PO Box 205

City

Interlochen

State

MI

ZIP

49643

Accountant Signature

Wilson Ward CPA Firm

Date

3/3/05

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH
MANISTEE, MICHIGAN

AUDIT REPORT

For Year Ended
September 30, 2004

Wilson, Ward CPA Firm
PO Box 205
Interlochen, MI 49643
(231) 276-7668

Wilson, Ward CPA Firm
3015 M-137
P.O. Box 205
Interlochen MI 49643

David E. Wilson, CPA
Robert K. Ward, CPA

(231) 276-7668
Fax: (231) 276-7687

November 08, 2004
Board of Directors
Manistee County 9-1-1/Central Dispatch
Manistee, Michigan 49660

The books and records of the Manistee County 9-1-1/Central Dispatch are adequate and presentable. This letter is intended to discuss those areas of management and control which can be improved, but which are immaterial when considering the overall financial condition of the Manistee County 9-1-1/Central Dispatch.

Our Responsibility under Generally Accepted Auditing Standards

Our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with general accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Manistee County 9-1-1/Central Dispatch. Management has the responsibility for adopting sound accounting policies, for maintaining an adequate and effective system of accounts, for safeguarding assets and for maintaining the structure of the internal control system to help assure the proper recording of transactions. Our consideration of the system of internal control was solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection of appropriate accounting policies. In accordance with the terms of our engagement, we will advise management of the appropriateness of the accounting policies and their application. The significant accounting policies used by the Manistee County 9-1-1/Central Dispatch are listed in Note 1. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year. We noted no transactions entered into the Manistee County 9-1-1/Central Dispatch during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, of transactions for which there is a lack of authoritative guidance or consensus.

Management Judgements and Accounting Estimates

Some accounting estimates are utilized in financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Our conclusions regarding the reasonableness of the estimates are based on reviewing and testing the historical data provided by management and using this data to compute the liability.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the general purpose financial statements that, in our judgment, may not have been detected except through our auditing procedures. These adjustments may include those proposed by us but not recorded by the Manistee County 9-1-1/Central Dispatch that could potentially cause future financial statements to be materially misstated, even though we have concluded such adjustments are not material to the current financial statements. Our audit adjustments, individually and in the aggregate, have a significant effect on the financial reporting process.

The audit report presents financial statements based on accounting kept by the County and the management of 911/Central Dispatch. The figures for board approval and budget management are kept on an offset basis due to the timing of the monthly meeting. Both systems appear complete and accurate and timing differences are traceable.

The Records of the Manistee County 9-1-1/Central Dispatch are well organized. The bills are paid timely and the expenses are budgeted and managed in an efficient manner. A mechanized system would alleviate the cumbersome manual process currently used by management.

It is important to remember that this is for information only and provided to management with the sole intent that it can be evaluated with the potential to improve management practices within the Manistee County 9-1-1/Central Dispatch. Thank you for the opportunity to perform your audit and continue the fine relationship.

Sincerely,

A handwritten signature in black ink, appearing to read 'Robert Ward', with a long, sweeping horizontal line extending to the right.

Robert Ward, CPA

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH

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INTRODUCTORY SECTION

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the 911/Central Dispatch Board
Manistee County 911/Central Dispatch
Manistee, Michigan

We have audited the general purpose financial statements of the Manistee County 911/Central Dispatch, as of and for the year ended September 30, 2004, and have issued our report thereon dated November 08, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Manistee County 911/Central Dispatch's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Manistee County 911/Central Dispatch, in a separate letter dated November 08, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Manistee County 911/Central Dispatch's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of the Manistee County 911/Central Dispatch, in a separate letter dated November 08, 2004.

This report is intended solely for the information and use of the management, others within the organization, the Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Wilson Ward CPA Firm

Interlochen, MI
November 08, 2004

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To 911/Central Dispatch Board
Manistee County 911/Central Dispatch
Manistee, Michigan

We have audited the accompanying general purpose financial statements of Manistee County 911/Central Dispatch, as of and for the year ended September 30, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Manistee County 911/Central Dispatch's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Manistee County 911/Central Dispatch, as of September 30, 2004, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 08, 2004 on Manistee County 911/Central Dispatch's internal control and compliance with laws and regulations.

Wilson Ward CPA Firm

Interlochen, MI
November 08, 2004

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH
BALANCE SHEET
September 30, 2004

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, investments and cash equivalents	\$826,333	\$0	\$826,333
Receivables (net)	0	0	0
Prepaid Expenditures	0	0	0
Internal balances	0	0	0
Inventories			0
Capital Assets, net	396,254	0	396,254
Total Assets	1,222,587	0	1,222,587
LIABILITIES			
Accounts payable	12,032	0	12,032
Due to Other Agencies	0	0	0
Noncurrent liabilities (Note 2):			0
Due within one year	45,000	0	45,000
Due in greater than one year	98,350	0	98,350
Total Liabilities	155,382	0	155,382
NET ASSETS			
Restricted for:			
Capital projects		0	0
Debt Service		0	0
Unrestricted (deficit)	1,067,205	0	1,067,205
Total Net Assets	1,067,205	0	1,067,205
Total Liabilities and Net Assets	\$1,222,587	\$0	\$1,222,587

The footnotes are an integral part of these Financial Statements

Statement of Activities
For Year Ended September 30, 2004

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-type Activities	Total
Primary government						
Governmental activities:						
Public safety	\$619,888	\$46,603	\$27,918	(\$545,367)	\$0	(\$545,367)
Other	75,629			(75,629)		(75,629)
Interest on Long Term Debt	9,047			(9,047)		(9,047)
Total Governmental Activities	704,564	46,603	27,918	(630,043)	0	(630,043)
Business Type Activities						
Proprietary Funds						
Total Primary Government					0	0
General revenues:						
Taxes						
Property Taxes-general				867,724		867,724
Property Taxes-debt service				0		0
State-Shared Revenues				0		0
Unrestricted Investment Earnings				2,473		2,473
Franchise taxes				0		0
Miscellaneous				0		0
Transfers				0		0
Total General Revenues-Special Items and Transfers				870,196	0	870,196
Changes in Net Assets				240,154	0	240,154
Net Assets - Beginning				827,051		827,051
Net Assets - Ending				\$1,067,205	\$0	\$1,067,205

The footnotes are an integral part of these Financial Statements

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH
Reconciliation of Statment of Revenues and
Statement of Activities
For the Twelve Months Ended September 30, 2004

Net Income (loss) Per Fund Income Statement			\$255,555
Add:			
Capital Outlay	15,227		
Principal Payments	<u>45,000</u>		
Total Additions		60,228	
Subtractions			
Depreciation		<u>75,629</u>	
Total Differences			<u>(15,401)</u>
Net Change in Activities			<u><u>\$240,154</u></u>

The footnotes are an integral part of these Financial Statements

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH

Combined Statement of Revenues, Expenditures and Changes in Fund Balance
All Governmental Fund Types
For the Twelve Months Ended September 30, 2004

	<u>Governmental Fund Types</u>
<u>Revenues</u>	<u>General Fund</u>
Taxes	\$867,724
Misc Revenue	27,918
Interest Income	2,473
Wireless 911	46,603
Total Revenues	<u>\$944,717</u>
<u>Expenditures</u>	
Current	
Personnel	\$374,138
Fringe Benefits	117,235
Training	1,554
Electricity	12,132
Repairs & Maintenance	8,641
Professional Costs	2,869
Admin Fees	13,825
Insurance	8,489
Office Supply	3,726
Maint Contract/Lease	51,210
Uniforms	1,081
Phone/Tower Utilities	24,988
Capital Expenditures	15,227
Public Education	0
Contingency	<u>0</u>
Total Expenditures	<u>635,115</u>
Excess Revenue (Expenditures)	309,602
Less	
Payment of Long Term Debt	45,000
Interest	9,047
Excess Revenue (Expenditure)	<u>255,555</u>
Fund Balance - Beginning of Year	558,745
Prior Period Adjustment to Fund Balance	0
Fund Balance - End of Year	<u><u>\$814,300</u></u>

The footnotes are an integral part of these Financial Statements

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH

Budgeted Statement of Revenues and Expenditures

General Fund

For the Twelve Months Ended September 30, 2004

	Original Budget	Budget	General Fund Actual	Variance
<u>Revenues</u>				
Taxes	\$782,200	\$782,200	\$867,724	\$85,524
Misc Revenue	22,500	22,500	27,918	5,418
Interest Income	10,000	10,000	2,473	(7,527)
Wireless 911	50,000	50,000	46,603	(3,397)
Total Revenues	<u>\$864,700</u>	<u>\$864,700</u>	<u>\$944,717</u>	<u>\$80,017</u>
<u>Expenditures</u>				
Current				
Personnel & Benefits	\$466,000	\$519,364	\$491,374	\$27,990
Training	8,000	8,000	1,554	6,446
Phone and Towers	33,250	33,250	24,988	8,262
Miscellaneous	6,000	6,000	3,133	2,867
Admin Fees	15,000	15,000	13,825	1,175
Electrical Service/Util	14,350	14,350	12,132	2,218
Insurance	8,000	8,489	8,489	0
Office Supply	7,500	7,500	3,726	3,774
Maint Agreements	67,700	67,700	51,210	16,490
Repairs and Maint	10,000	10,000	3,908	6,092
Equipment Replacement & Misc	10,000	10,000	1,600	8,400
Professional Fees	26,800	26,800	2,869	23,931
Uniforms/Cleaning	3,400	3,400	1,081	2,319
Public Education	800	800	0	800
Capital Expenditures	220,000	220,000	15,227	204,773
Contingency Fund	32,000	32,000	0	32,000
Total Expenditures	<u>928,800</u>	<u>982,653</u>	<u>635,115</u>	<u>347,538</u>
Excess Revenue (Expenditures)	(64,100)	(117,953)	309,602	427,555
Payment of Long Term Debt	60,900	54,047	54,047	0
Excess Revenue (Expenditure)	<u>(\$125,000)</u>	<u>(\$172,000)</u>	<u>\$255,555</u>	<u>\$427,555</u>

The footnotes are an integral part of these Financial Statements

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH

Statement of Changes in Fixed Assets

All Fund Types and Account Groups

September 30, 2004

	Balance 09/30/03	Additions	Deletions	Balance 09/30/04
ASSETS				
Buildings	\$3,000	\$0	\$0	\$3,000
Equipment	722,139	15,227	0	737,366
Total	722,139	15,227	0	737,366
ACCUMULATED DEPRECIATION				
Buildings	577	77		654
Equipment	264,906	75,552		340,458
Total	\$265,483	\$75,629	\$0	\$341,112

The footnotes are an integral part of these Financial Statements

MANISTEE COUNTY 9-1-1/CENTRAL DISPATCH

Notes to Financial Statements

September 30, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Manistee County 9-1-1/Central Dispatch (911) is a component unit of Manistee County created to serve the needs of the 9-1-1/Central dispatch and 911 requirements of the County. The governing body is the Advisory Board which was designated to provide uniform services to all area agencies. As such, 911 is a blended component unit of Manistee County and reported as a special revenue fund in the Manistee County financial statements.

The financial statements of the Manistee County 9-1-1/Central Dispatch do not include any separately administered organizations that are controlled by or dependent on the Manistee County 9-1-1/Central Dispatch for financial support. Control or dependence is based on such items as budgetary control, taxing authority, appointment of controlling or governing boards, and other criteria as outlined in GASB Statement #14.

No other organizations or governmental entities are considered using these definitions.

B. Basis of Presentation

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

During the year ended September 30, 2003 all Manistee County Agencies converted to GASB 34 as required. As such additional presentations are made for the GASB 34 required statements and certain areas such as the group of accounts are no longer presented. The government-wide financial statements report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely significantly on fees and charges for support.

The statement of activities demonstrates the degree direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or recipients who purchase, use, or benefit from the goods and services provided by the various function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Basis of Accounting

Basis of Accounting refers to how revenue and expenditures or expenses are recognized in the account and reported in the financial statements. The basis of accounting, as required under generally accepted accounting principles, varies for each fund.

General, special revenue, debt service, capital projects and trust and agency funds should be accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized in the accounting period in which it becomes available and measurable. Expenditures are recognized in the accounting period in which the related fund liability is incurred, if measurable.

Enterprise funds should be accounted for using the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized in the accounting period in which it is earned and becomes measurable. Expenses are recognized in the accounting period incurred, if measurable.

The accounting policies of Manistee County 9-1-1/Central Dispatch conform to generally accepted accounting principles and include the following fund types

1. Government Fund Types use modified accrual basis and include -

The *general funds* account for fiscal resources in use for general types of operations. The general fund is a budgeted fund and any fund balances are considered as resources available for use. Revenues are derived primarily from property taxes and state and federal distributions, grants and other intergovernmental revenues.

The *debt service funds* account for the accumulation of resources for, and the payment of, general long-term debt principal and interest recorded in the General Long-Term Debt Account Group.

D. Use of Estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

E. Measurement Focus

The accounting and reporting treatment applied to a fund is determined by the current reporting standards of measurement focus. Thus all governmental funds are accounted for on a financial flow measurement basis. This means that only current assets and liabilities are presented on the Balance Sheets and operating statements measure increases and decreases in these net current assets.

F. Budgets

The fund is under formal budgetary control. Budgets shown in the financial statements are prepared on a modified accrual basis and consist of those amounts which are controlling during the formal budget process as approved and amended by the Manistee County 9-1-1/Central Dispatch Board.

G. Fixed Assets

This includes all assets which are considered of value to the Manistee County 9-1-1/Central Dispatch. The modified accrual basis makes no provision for the depreciation of these assets. All assets are valued at cost and GASB 34 makes provision for the depreciation on the entity wide statements.

H. Long Term Debt

The Manistee County 9-1-1/Central Dispatch has two long term debt notes payable to the county of Manistee. The funds were used to built the new Central Dispatch addition. An agreement was entered between Manistee County 9-1-1/Central Dispatch and the County of Manistee were the 9-1-1 will make annual instalments on note whose original value was \$450,000.

The data for the long term debt is as follows:

Creditor	County of Manistee
Amount	\$450,000 (\$337,282 on 6/1/98 and \$112,718 on 7/23/98)
Interest Rate	5.43%
Term:	10 Years

The remaining principal and interest payments are as follows

Year	Principal	Interest
2005	\$45,000	\$ 7,331
2006	\$45,000	\$ 4,887
2007	\$45,000	\$ 2,444

I. Property Taxes

Properties are assessed as of December 31 and the related property taxes become a lien the following July 1 and/or December 31. Real property taxes are collected by the Manistee County Treasurer and then transferred to the County Manistee County 9-1-1/Central Dispatch Funds. Any delinquent taxes are also collected by the County Treasurer.

NOTE 2 - BUDGET APPROPRIATIONS

Public Act 621 of 1978, Section 18, provides that a local unit shall not incur expenditures in excess of the amount appropriated. Given the amendments actually approved, the bulk of the excess expenditures are related to the accruals and payables of items paid for or transferred in and hence are carried as either Accounts Payable or Due to Other Units in the Balance Sheet of the General Fund. There were no material violations of the Public Act 62.

NOTE 3 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. Legal Provisions

Act 20, Public Acts of 1943, as amended by Act 217, Public Acts of 1982, states that the Manistee County 9-1-1/Central Dispatch, by resolution, may authorize the County Treasurer to invest surplus funds as follows:

1. In bonds and other direct obligations of the United States or an agency or instrument of the United States.
2. In certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank which is a member of the Federal Deposit Insurance Corporation or a savings and loan association which is a member of the Federal Savings and Loan Insurance Corporation or a credit union which is insured by the National Credit Union Administration, but only if the bank, savings and loan association, or credit union complies with subsection (2).
3. In commercial paper rate at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.
4. In United States government or federal agency obligation repurchase agreements.
5. In bankers' acceptances of United States banks.
6. In mutual funds composed of investment vehicles which are legal for direct investment units of government in Michigan.

NOTE 4 - TYPES OF DEPOSITS AND INVESTMENTS

The Manistee County 9-1-1/Central Dispatch had no money invested as of September 30, 2004. This would leave balances of cash insured as follows:

	Per Books	Bank Balance
Insured	\$100,000	\$100,000
Uninsured	<u>726,333</u>	<u>660,554</u>
Total	\$826,333	\$760,554

NOTE 5 - COMPENSATED ABSENCES

There are compensated absences to the extent that sick pay is accrued and payable upon retirement. The total accrued and payable for employees of the Manistee County 9-1-1/Central Dispatch is \$8,350. In addition, the Undersheriff indicated that one employee who was previously employed by the Sheriff's Department has accumulated 720 hours of sick time which, while perhaps a contingent liability is a County liability from past employment.

NOTE 6 - INVENTORIES

No material parts or supply inventories are maintained by the Manistee County 9-1-1/Central Dispatch.

NOTE 7 - PENSION PLANS

Manistee County 9-1-1/Central Dispatch's employees participate in the Mansitee County deferred compensation plan under Internal Revenue Service Code Section 457. The plan, available to all employees, permits them to defer a portion of their current earnings until the employee's termination, retirement, death or unforeseeable emergency.

Under the terms of recent changes to the tax law, specifically the Tax Payer Relief Act of 1997, All amounts of compensation deferred under the plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights are no longer solely the property and rights of the County and are not subject to the claims of general creditors.

Employees rights created under the plan are equivalent to those of general creditors of the board and only in an amount equal to the fair market value of the deferred account maintained with respect to each employee.

The plan's assets have been used for no purpose other than to pay benefits and administrative costs.

There are no post employment benefits.

NOTE 8 - CONTINGENT LIABILITIES

A taxpayer, TES, Filer City Station, had requested a substantial reduction to the assessed valuation based on certain claims of personal versus real property. The difference in real property valuation is approximately \$77,000,000. At the current millage rate of 1.9, this would compute to a reduction of \$14,360 in the second year and double that amount in the third year. However, the issue remains before the tax tribunal and as of the report date, the exact amount of the potential liability is unknown. Manistee County 9-1-1/Central Dispatch officials are aware of no other contingent liabilities on the part of the Manistee County 9-1-1/Central Dispatch.

NOTE 9 - PAYABLE DUE TO OTHER UNITS

All payroll is paid by Manistee County and the Manistee County 9-1-1/Central Dispatch is billed for the payroll by the County. As of year end, \$12,032 was payable to the County for payroll expenses incurred in 2003-04.

NOTE 10 - TOTAL COLUMN ON COMBINED STATEMENTS

The total column on the combined statements overview is captioned "Memo Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position results of operations. or changes in financial position in conformity with generally accepted accounting principles. interfund eliminations have not been made in the aggregation of this data.

NOTE 11 - FIXED ASSETS

All fixed assets are based on historical cost for all assets. Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	40 to 60 years
Building Improvements	15 to 30 years
Infrastructure	5 to 10 years
Equipment	5 to 30 years